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A Study on Business Prospects for Builders at Mahindra World City, Chengelpet



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ARTICLE INFO	ABSTRACT
<p>Received: 13-11-2020 Received in revised form: 01-02-2021 Accepted: 08-02-2021 Available online: 30-03-2021</p> <hr/> <p>Keywords: Market Potential; Manufacturing/IT Hub; Residential Apartments.</p>	<p>The paper is intended to know the market potential for residential apartments and villas at Mahindra City near Chennai. The reason for choosing the location is since it is considered as Mini Detroit in Tamil Nadu with many IT industries & automobile companies and its ancillaries, with thousands of employees commuting to the region from various parts of Chennai. Research on the intention was done in duration of 2 months among 240 respondents through a structured questionnaire. Both positive and negative aspects in the location and the buyer's demographic details were analysed and much useful information was obtained. Target Interest would be towards 2BHK by nuclear families working in private sector with a price range of ₹3,500 or lesser for a sq. Ft. Since it's a manufacturing/IT hub the maximum response for projects would be from private employees working in these industries in and around.</p>

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1.0 INTRODUCTION

Mahindra city is a hub for many IT industries, manufacturing & automobile industries and other ancillary industries, near Chennai. The location has faced a transformation from being a agriculture dominant to a place with manufacturers involved in majorly automobile and its ancillaries. Some of the major players in the location include Ford, Tech Mahindra, Infosys, Renault, Daimler and many ancillary industries are located in and around of Mahindra city. Restriction is not just automobile industry but diversified industries as well. With the growth of the location, requirement for residential projects is also in consideration with major player like Arun Excello, Akshaya, Indira etc., and minor players already visible in the location. Still there is plenty of opportunities available for builders to concentrate in the location since the growth opportunities for industries is immense. The location has its own merits and demerits which has to be taken into

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consideration from home buyers' point of view before considering residential projects. So, the positive aspects and the negative aspects are included in the research which many provide a useful information on the infrastructure that lacks and capitalize on the positive aspects. Also, the type projects in which the home buyers would be interested and the price range of the expectations are analysed in the research.

2.0 REVIEW OF LITERATURE

Identified with the purchaser: Some creators have referenced factors, for example, age, pay, family size and life-cycle organize (Sali, *et al.*, 2013; Pachpande and Shah, 2008; Morbale and Deshmukh, 2004). Need for housing can change with age. At early 20's family size doesn't matter and can opt for affordable house. In mid 40's family size would prompt to go for a larger house since there would be ageing parents and children and beyond 60's a retirement home (Deb, 2005). In the early part of career requirement would be for 1 BHK (Singh, 2014). A buyer needs to consider the size of family purchase of a house (Hempel and Punj, 1999). Also, the influencing factors are number of earners in the family, initial payment and income.

Location is a most important factor, some authors have said that it is everything other things comes secondary to the location (Network 18 Publications Private Limited, 2010; Lonappan, 2013; India Institute of Real Estate, 2011). The location should be accessible to all basic amenities. Should accommodate school going children, hospitals, distance of the location from office or work place, parks, transport facilities and much more. Sometimes owning may be a pride considering the location is considered as a prime one (Rajimwale, 2008; Sethi, 2015). Other factors like the social infrastructure, local authority, utilities, connectivity, development expected in future like an airport or metro nearby can also influence the decision of purchase (Sethi, 2015). In certain places locations are driven by IT/ITES SEZs, and certain locations are chosen to avoid travelling in congested traffic.

Resident choice is also influenced by the price of the property. Affordable drives in many cases (Singh, 2013). When prices of real estate rockets then the choice would be places that with better connectivity nearby. Places in southern Chennai are in demand because of the huge prices inside the city. Also, when the projects are from a well-known builder the price is at premium. But people go the value analysis since paying for competing property is the most important than the builder and the reputation. Gone are the days when people save more to buy a property, now the maximum projects are sold through loans from banks and other financial institutions.

When it comes to quality of life is transport is first followed by the neighbours', recreations like park, uninterrupted water supply and power. Being a social animal neighbourhood takes a good chance in influencing which may be the race, religion, age, family size etc.,

3.0 RESEARCH METHODOLOGY

3.1 Analysis focuses on the following major process

- Analysis of Market Conditions (Preventure Analysis)

3.2 Scope of this project covers the following concepts

The study focuses on Home Buyers Perception about Mahindra City as a Residential Location, possible buying option for project by Builders.

3.3 Limitations

Research is undertaken in time frame of 2 months and under the busy schedule of the respondents which may have an impact which is uncontrollable in any research.

3.4 Intro on Research Data

- Total number of 240 respondents were surveyed
- Primary and secondary data are collected
- Questionnaire was the instrument used
- Described the actual facts recorded through the questionnaire
- Convenience sampling method is used.
- Statistical tools include, ranking method & percentage analysis

4.0 FINDINGS AND DISCUSSIONS

Table 1 – Criteria that Favour Builders in Mahindra City Residential Area

STATEMENTS	RANK
Peaceful area away from city traffic congestion	1
Near to proposed mofussil terminus at Vandalur	2
Covers by GST Roads and easy accessibility	3
Near to leading Schools and Colleges	4
High appreciation value in future	5
Eco friendly area adjoined to reserve forest and lakes	6

Most positive aspect about the Mahindra City location is Peacefulness of the area followed by possibility of Mofussil terminus getting operated from Vandalur

Table 2 – Criteria's that Unfavoured a Residential Area in Mahindra City

STATEMENTS	RANK
Potential to get polluted in the future due to too much industry	1
Industry concentrated area not opt for residences	2
Not developed as township still appearing as isolated housing area	3
Too distance to core area of city	4
Basic infrastructure not adequately developed yet	5
Branded as industry area and lack of appreciation value in future	6

Most negative though of Mahindra City location is Possibility of pollution due to rapid industrialization followed by Industry concentration not suitable for residence nearby

4.1 Demographic Details of the Respondents

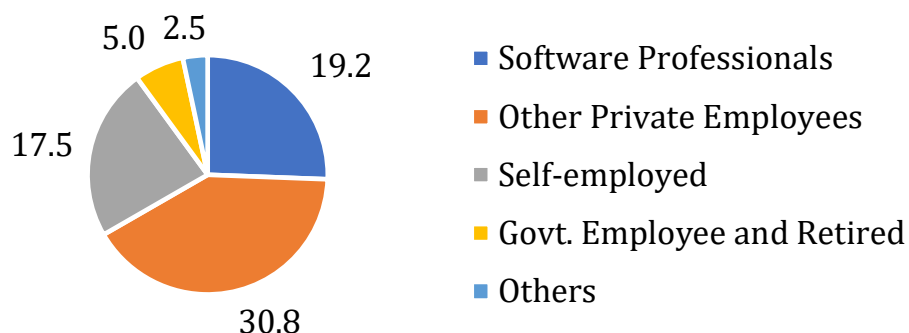


Figure 1 - Occupation

Potential buyers in this locality would be Self-employed and Other Private employees since the location is a manufacturing/IT hub

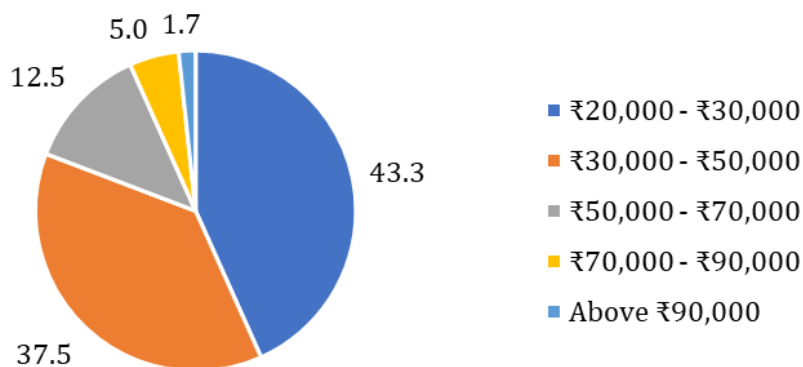


Figure 2 – Family Income

Maximum Respondents for this survey have Family income of above Rs 90000 per month followed by ₹30,000 to ₹50,000 category

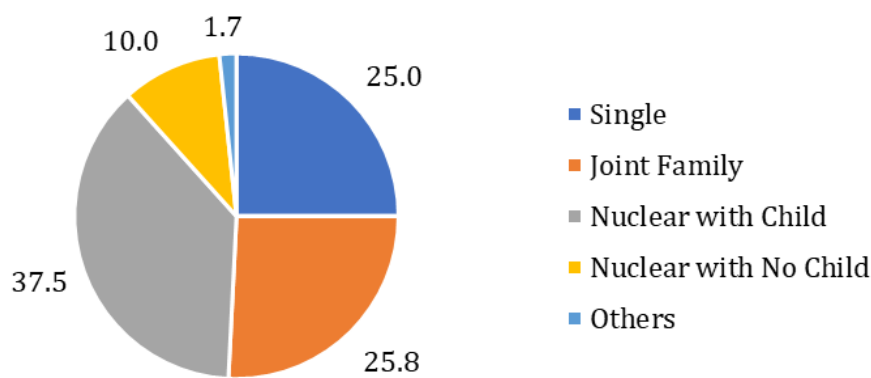


Figure 3 – Family Structure

Survey showed a result of maximum home buyers fit into the category of Nuclear family with Child.

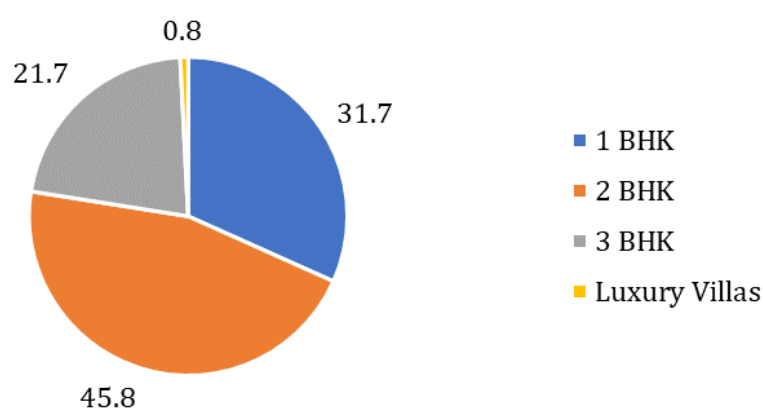


Figure 4 – Residential Flat Type

- Home buyers showing interest in this location are interested in 2 BHK Flats followed by 1BHK Flats.
- Interest towards Luxury villas is much lesser in this location.

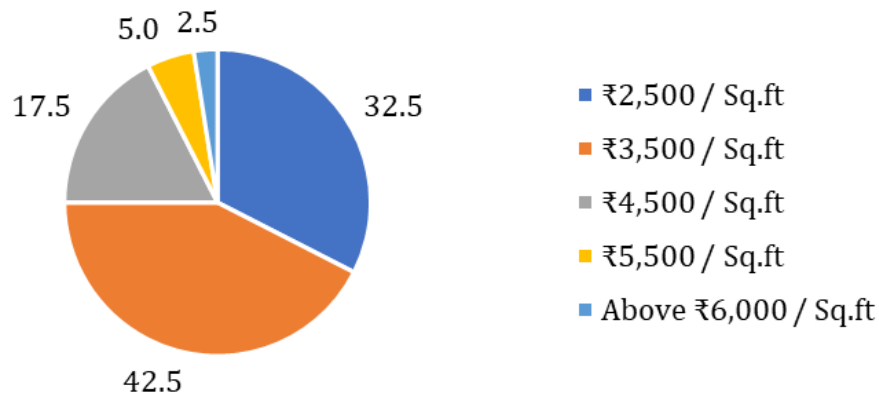


Figure 5 – Price Range a Home Buyer Expects in “Mahindra City Area”

Home buyers feel a price tag of ₹3,500 or lesser per sq. Ft would be an attractive one for a residential flat in MAHINDRA CITY location

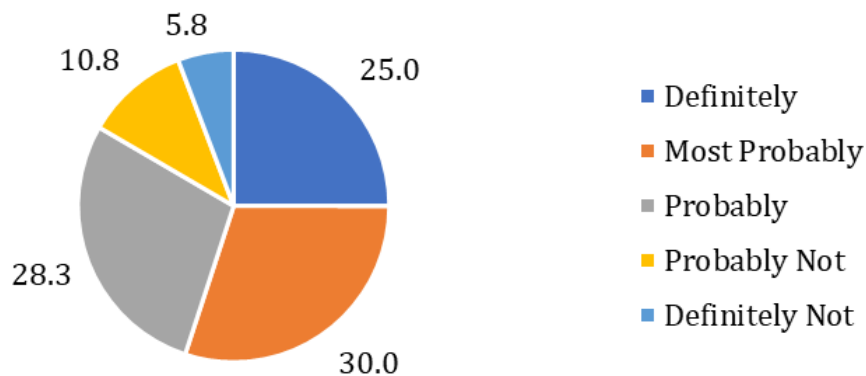


Figure 6 – Possibility of a Site Visit Creating a Positive Impact on Buyers' Mind

- Most respondents felt that Dream homes in Mahindra City can be a reality if they are impressed with Infrastructural facility
- A Site visit can create a huge impact in considering the project and the location
- More than 80% of the potential home buyers many probably consider buying in new projects

Table 3 – Family Structure * Price range would you expect in Mahindra City Area

		Price range would you expect in Mahindra City Area				
		₹2,500 Per Sq. Ft	₹3,500 Per Sq. Ft	₹4,500 Per Sq. Ft	₹5,000 Per Sq. Ft	> ₹6,000 Per Sq. Ft
Family Structure	Single	30	20	4	2	4
	Joint Family	14	32	14	0	2
	Nuclear with Child	30	36	16	8	0
	Nuclear with No Child	4	12	6	2	0
	Others	0	2	2	0	0

- Home buyers are majorly interested in price range of ₹3,500 per Sq. Ft when Family structure is basis for analysis.
- Majority would be nuclear family with a child.

Table 4 – Family Income (per Month) * Price range would you expect in Mahindra City Area

		Price range would you expect in Mahindra City Area				
		₹2,500 Per Sq. Ft	₹3,500 Per Sq. Ft	₹4,500 Per Sq. Ft	₹5,000 Per Sq. Ft	> ₹6,000 Per Sq. Ft
Family Income (per Month)	₹20,000 - ₹30,000	54	28	12	4	6
	₹30,000 - ₹50,000	22	50	12	6	0
	₹50,000 - ₹70,000	2	12	14	2	0
	₹70,000 - ₹90,000	0	8	4	0	0
	Above ₹90,000	0	4	0	0	0

- Home buyers are majorly interested in price range of ₹3,500 per Sq. Ft when Family income is basis for analysis
- Majority would be in the family income range of ₹30,000 to ₹50,000
- Additional things to remember in “BESTA Project”
- It is found there is a positive relationship between Family Income and the price range the potential investors are considering, as earlier suggested home buyers in the range of ₹30,000 to ₹50,000 Income and more than ₹90,000 Income could be interested in residential project
- It is found there is a positive relationship between Occupation and the price range the potential investors are considering, as earlier suggested being a Manufacturing/IT hub home buyer could be Self-employed and Other Private employees

5.0 CONCLUSION

Mahindra City is considered as a better residential area considering the peacefulness available in the locality and nearness of the proposed mofussil terminus at vandar. The negative aspect is considering the locality is possible pollution due to rapid industrialisation. Target Interest would be towards 2BHK by nuclear families working in private sector with a price range of ₹3500 or lesser for a sq.ft. Since it's a manufacturing/IT hub the maximum response for projects would be from private employees working in the industries in and around.

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